

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:	Chapter 7
LGI Energy Solutions, Inc.,	Bky. Case No. 09-40665-RJK
and	
LGI Data Solutions Company, LLC,	Bky. Case No. 09-40666-RJK
Debtors.	

**NOTICE OF HEARING AND MOTION FOR
SUBSTANTIVE CONSOLIDATION OF CASES**

1. John R. Stoebner (the “Trustee”), the trustee of the Chapter 7 bankruptcy estate of debtors, LGI Energy Solutions, Inc. (“Energy”) and LGI Data Solutions Company, LLC (“Data”) (collectively the “Debtors”), moves the Court for the relief request below and gives Notice of Hearing herewith.

2. The Court will hold a hearing on this motion at 9:30 a.m. on February 2, 2011 in Courtroom No. 8 West, U.S. Courthouse, 300 South Fourth Street, Minneapolis, MN 55415, or as soon thereafter as counsel may be heard before the Honorable Robert J. Kressel.

3. Local Rule 9006-1(b) provides deadlines for responses to this Motion. Any response to the Motion for must be filed and delivered not later than January 28, 2011, which is five (5) days before the time set for the hearing (including Saturdays, Sundays, and holidays).

**UNLESS A RESPONSE OPPOSING THE MOTION IS TIMELY FILED, THE COURT
MAY GRANT THE MOTION WITHOUT A HEARING.**

4. This Court has jurisdiction over this motion under 28 U.S.C. §§157 and 1334, Fed. R. Bankr. P. 5005 and local rules 1070-1 and 1073-1. This is a core proceeding.

Involuntary petitions were filed against each of the Debtors on February 6, 2009 and on March 3, 2009, orders for relief were entered by this Court in each of the cases.

5. The Trustee seeks an Order substantively consolidating LGI Energy Solutions, Inc. and LGI Data Solutions Company, LLC under Bankruptcy Rule 1015 and 11 U.S.C. §105(a).

6. In addressing the issue of substantive consolidation, many Courts have identified and considered seven factors. See the cases cities on Page 2 of the Trustee's memorandum. The following is a summary of these seven factors:

Factor 1: The presence or absence of consolidated financial statements.

There are QuickBooks records with respect to Energy. There are no QuickBook records with respect to Data, with the exception of one QuickBooks entry for \$1.00. A copy of the QuickBooks entry of \$1.00 for Data is attached as **Exhibit A**.

Factor 2: The unity of interest of an ownership between various corporate entities.

Both Energy and Data are 100% owned by Dean Leischow. See the following comments from the first meeting of creditors:

Dean Leischow testified that he was:

Energy: President, CEO and sole shareholder of Energy (see Page 4 of the transcript). A copy of selected pages of the transcript are attached as **Exhibit B**.

Data: President, CEO and sole member of Data (see Page 3 of the transcript). A copy of the transcript is attached as **Exhibit C**.

Factor 3: The existence of parent and intercorporate guarantees on loans.

The only loans were loans to Energy by Marshall & Isley ("M&I") Bank. Data was not a party to any of these loans. See claim No. 1 filed by M&I in Data and claim No. 6 filed by M&I in Energy. These claims are also summarized in Factor 4 below.

Factor 4: The degree of difficulty involved in segregating and ascertaining individual assets and liabilities.

Funds in the Estates:

The following is a summary of receipts and disbursements in the Energy and Data cases.

	Energy	Data
Receipts	\$347,478.30	\$64,114.99
Disbursements	\$236,418.93	\$ 2,892.94
Funds In Estate	\$111,059.37	\$61,222.05

A copy of the receipts and disbursements for Energy is attached as **Exhibit D** and a copy of the receipts and disbursements for Data is attached as **Exhibit E**.

Source of Funds in the Estates:

The funds in the Energy estate include funds from bank accounts and also the net proceeds from the sale of inventory and other assets.

The funds in the Data estate relate to two items. The first is the close-out of M&I Bank Account No. 3105 with funds in the amount of \$39,073.60. The second is funds in the amount of \$25,000.00 from a settlement with Buffets, Inc. The settlement with Buffets relates back to funds that were initially held in M&I Bank Account No. 3116.

Transfer of Bank Accounts from Energy to Data:

As a part of the Trustee's investigation into the affairs of the Debtors, the Trustee has discovered that M&I Account No. 3105 and M&I Account No. 3116 were originally accounts in the name of Energy. The names on these accounts and the funds in the these accounts changed overnight from Energy to Data. It is unclear to the Trustee why funds and accounts were transferred from Energy to Data without any apparent consideration or explanation. The transfer of these accounts is also referenced by Buffets, Inc. in its memorandum in support of Buffet's motion for summary judgment in adversary proceeding No. 09-04196. See pages 7 through 9 in Doc 13 in this adversary proceeding.

Attached as **Exhibit F-1** is a copy of M&I Account 3105 for August 2008 in the name of Energy. Attached as **Exhibit F-2** is a copy of M&I Account No. 3105 for September 2008 in the name of Data.

Attached as **Exhibit G-1** is a copy of M&I Account 3116 for August 2008 in the name of Energy. Attached as **Exhibit G-2** is a copy of M&I Account No. 3116 for September 2008 in the name of Data.

Duplicate Proof of Claims:

A review of the claims filed in the two cases also indicates that the creditors were either not aware that there were two separate entities, and/or treated the two entities as one and the same. In the Data case, there are a total of 10 claims filed. For each of the 10 claims, the claimant filed a corresponding proof of claim in the Energy case. The only exception is the claim filed by M&I Bank in the Data case which is solely for attorney's fees billed to M&I Bank by the Leonard Street law firm relating to the Buffets, Inc. litigation. The claim filed by M & I Bank in the Energy case is for the amount owing on the various loans. A summary of the claims is set forth on **Exhibit H**.

Formation and Business Activity of Data:

Data was formed as a Minnesota limited liability company on March 11, 2008. Attached as **Exhibit I** is a copy of the BUSINESS ORGANIZATION INQUIRY from the Minnesota Secretary of State's Office. Data did not have any business activity separate from Energy as evidenced by the following testimony of Dean Leischow at the Data first meeting of creditors:

“Q So the only thing this entity did, in a sense, was have moneys put into accounts and then pay out those moneys; is that fair?

A Yes.”

See **Exhibit C** pages 10 and 11.

As evidenced by the above testimony, Data had no real business independent of Energy.

Tax Returns.

Data has never filed a tax return (other than the 2009 return filed by the Trustee). Note that 2008 was the first year Data should have filed a return, since it was formed in 2008. Dean Leischow testified as follows at Data's first meeting of creditors:

“Q And do you know if anyone was working on preparing a 2008 tax return for LGI Data Solutions?

A I don't believe anyone is.”

Exhibit C page 7.

Factor 5: The existence of transfers of assets without formal observance of corporate formalities.

The obvious transfers in question were the transfers in the ownership of the accounts referenced in Factor 4 above. Overnight these accounts, which were “Energy” accounts, became “Data” accounts. These transfers were apparently

done without consideration and without the observance of corporate formalities.

Factor 6: Comingling of assets.

The assets of the two estates were comingled by reason of the transfers of the bank accounts from Energy to Data.

Factor 7: Profitability of consolidation at a single physical location.

This factor does not appear to be applicable to this situation.

Other Factors: Prejudice to Creditors.

Where the assets of Data are in reality, the assets of Energy, and where there are no creditors making claims in the Data case that have also not filed a claim in the Energy case, it is appropriate to substantively consolidate these two cases, to avoid prejudice to creditors in the Energy case, and also to streamline the Trustee's administration of the cases.

As evidenced by the duplicate claims filed in the two cases, the creditors for the most part considered the two companies one and the same. Boddie Noell Enterprises filed claim No. 5 in Data in the amount of \$25,276.62 and claim No. 70 in Energy in the same amount. These are duplicate claims and represent the attorney's fees incurred in preparing the involuntary petition. These duplicate claims evidence the fact that the creditors and their attorneys viewed the two debtors as one and the same. Note the language in claim No. 7 filed by Wendy's International: **"LGI may have transferred some or all of the above described funds to the debtor. As such Wendy's filed these claims against the debtor as a protective matter."**

7. Pursuant to Local Rule 9013-2(c), the Trustee gives notice that he may, if necessary, call John R. Stoeber, Trustee, to testify with respect to the factual matters contained in this Motion.

8. Notice. Bankruptcy Rule 2002 does not required notice to all creditors and parties in interest relative to a motion for substantive consolidation. However, given the fact that substantive consolidation impacts all of the creditors, the Trustee has served a notice of hearing on motion of trustee to substantively consolidated cases on all creditors and parties in interest with respect to both cases.

WHEREFORE, the Trustee respectfully moves the Court for an Order substantively consolidating the above cases consistent with the attached proposed Order, and finding notice of this Motion to be adequate.

Dated: January 7, 2011

LAPP, LIBRA, THOMSON,
STOEBNER & PUSCH, CHARTERED

/e/ Rosanne H. Wirth
Rosanne H. Wirth (#0137479)
One Financial Plaza, Suite 2500
120 South Sixth Street
Minneapolis, MN 55402
(612) 338-5815

ATTORNEYS FOR TRUSTEE

VERIFICATION

The undersigned declares under the penalty of perjury that the facts contained in the foregoing Motion are true and correct to the best of my knowledge, information and belief.

/e/ John R. Stuebner
John R. Stuebner

INDEX OF EXHIBITS

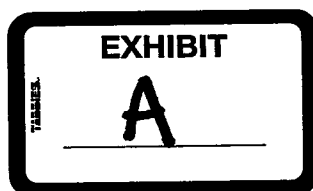
Exhibit	Description
A	QuickBooks Entry of \$1.00 for Data
B	Pages 1-4 of Transcript of 1 st Meeting of Creditors of Energy Case
C	Transcript of 1 st Meeting of Creditors of Data Case
D	Receipts and Disbursements for Energy
E	Receipts and Disbursements for Data
F-1	M&I Account 3105 for August 2008 in the name of Energy
F-2	M&I Account No. 3105 for September 2008 in the name of Data
G-1	M&I Account 3116 for August 2008 in the name of Energy
G-2	M&I Account No. 3116 for September 2008 in the name of Data
H	Summary of Duplicate Proof of Claims
I	BUSINESS ORGANIZATION INQUIRY from the Minnesota Secretary of State's Office

EXHIBIT A

2:28 PM
01/07/10
Accrual Basis

Data Solutions LLC
Balance Sheet
As of June 30, 2009

	<u>Jun 30, 09</u>
ASSETS	
Current Assets	
Checking/Savings	
1 - Bank1	-1.00
Total Checking/Savings	-1.00
Total Current Assets	-1.00
TOTAL ASSETS	<u>-1.00</u>
LIABILITIES & EQUITY	
Equity	
32000 - Members Equity	-1.00
Total Equity	-1.00
TOTAL LIABILITIES & EQUITY	<u>-1.00</u>



2:28 PM
01/07/10
Accrual Basis

Data Solutions LLC
Profit & Loss
As of June 30, 2009

	Jun 30, 09
Other Income/Expense	
Other Expense	
80000 - Ask My Accountant	1.00
Total Other Expense	1.00
Net Other Income	-1.00
Net Income	-1.00

1:55 PM
01/07/10
Accrual Basis

Data Solutions LLC
General Ledger
All Transactions

Type	Date	Num	Adj	Name	Memo	Split	Debit	Credit	Balance
1 · Bank1									
Bill Pmt -Check	5/15/2008	1		Dummy		20000 · Accou...		1.00	-1.00
Total 1 · Bank1							0.00	1.00	-1.00
11000 · Accounts Receivable									
Total 11000 · Accounts Receivable									0.00
12100 · Inventory Asset									
Total 12100 · Inventory Asset									0.00
15000 · Furniture and Equipment									
Total 15000 · Furniture and Equipment									0.00
17000 · Accumulated Depreciation									
Total 17000 · Accumulated Depreciation									0.00
20000 · Accounts Payable									
Bill	5/15/2008	123		Dummy		80000 · Ask M...		1.00	-1.00
Bill Pmt -Check	5/15/2008	1		Dummy		1 · Bank1	1.00		0.00
Total 20000 · Accounts Payable							1.00	1.00	0.00
24000 · Payroll Liabilities									
Total 24000 · Payroll Liabilities									0.00
30000 · Opening Balance Equity									
Total 30000 · Opening Balance Equity									0.00
30700 · Members Draw									
Total 30700 · Members Draw									0.00
32000 · Members Equity									
Total 32000 · Members Equity									0.00
47900 · Sales									
Total 47900 · Sales									0.00
50000 · Cost of Goods Sold									
Total 50000 · Cost of Goods Sold									0.00
60000 · Advertising and Promotion									
Total 60000 · Advertising and Promotion									0.00
60200 · Automobile Expense									
Total 60200 · Automobile Expense									0.00
60400 · Bank Service Charges									
Total 60400 · Bank Service Charges									0.00

1:55 PM
01/07/10
Accrual Basis

Data Solutions LLC
General Ledger
All Transactions

Type	Date	Num	Adj	Name	Memo	Split	Debit	Credit	Balance
61700 · Computer and Internet Expenses									
Total 61700 · Computer and Internet Expenses									0.00
62400 · Depreciation Expense									
Total 62400 · Depreciation Expense									0.00
63300 · Insurance Expense									
Total 63300 · Insurance Expense									0.00
63400 · Interest Expense									
Total 63400 · Interest Expense									0.00
64300 · Meals and Entertainment									
Total 64300 · Meals and Entertainment									0.00
64900 · Office Supplies									
Total 64900 · Office Supplies									0.00
66000 · Payroll Expenses									
Total 66000 · Payroll Expenses									0.00
66700 · Professional Fees									
Total 66700 · Professional Fees									0.00
67100 · Rent Expense									
Total 67100 · Rent Expense									0.00
67200 · Repairs and Maintenance									
Total 67200 · Repairs and Maintenance									0.00
68100 · Telephone Expense									
Total 68100 · Telephone Expense									0.00
68400 · Travel Expense									
Total 68400 · Travel Expense									0.00
68600 · Utilities									
Total 68600 · Utilities									0.00
80000 · Ask My Accountant									
Bill- 5/15/2008 123				030-6020-E1 Boo-E1	8991222003-E	20000 · Accou...	1.00		1.00
Total 80000 · Ask My Accountant							1.00	0.00	1.00
No acct									
Total no acct									0.00
TOTAL							2.00	2.00	0.00

EXHIBIT B

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re: Chapter 7
Bky Case No. 09-40665-RJK
LGI Energy Solutions, Inc.,

Debtor.

June 1, 2009
First Meeting of Creditors

Trustee: John Stoebner, Esq.
Lapp, Libra, Thomson, Stoebner & Pusch
One Financial Plaza, Suite 2500
120 South 6th Street
Minneapolis, MN 55402
(612) 338-5815

Transcribed on August 20th, 2009 by:
Laurie Carlos
Aaron Reporting
4250 152nd Avenue NW, Andover, MN 55304
(763) 576-8832

MR. STOEBCNER: All right. We are here this afternoon for the first meeting of creditors in the case of LGI Energy Solutions, Inc., we are going to begin with that case. We are also here for the first meeting of creditors for LGI Data Solutions, LLC, and we will have that first meeting following the Energy Solutions case. This is case number 09-40665. And who's going to be testifying on behalf of the debtor?

MR. SKOLNICK: Good afternoon, Mr. Stoebner. William Skolnick on behalf of Dean Leischow. Mr. Leischow is here to testify on behalf of the debtor.

MR. STOEBCNER: And you represent Mr. Leischow, but not the debtor, correct?

MR. SKOLNICK: Correct.

MR. STOEBCNER: All right. If you want to have a seat right here. Actually, we will have Mr. Leischow sit right there and Mr. Skolnick at the end perhaps.

Any creditor that's here that would like to have their appearance noted in the record, I'm going to ask that you sign this fancy legal pad. If you just want to pass that around the room, and then I'm going to -- we should have some extra pens here. If anyone needs a pen, hopefully you'll share, otherwise I do have an extra one up here. If I could just have

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EXAMINATION BY:

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Mr. Mohrman: Page 55
Mr. Bernardo: Page 76
Mr. Crockett: Page 98
Ms. Swedberg: Page 100
Mr. Mohrman: Page 121
Mr. Stoebenr: Page 123
Mr. Crockett: Page 128

OBJECTIONS BY:

Mr. Skolnick: Pages 83, 119, 122

a show of hands from anyone who's intending to ask questions today just so I have an idea of how long we may be proceeding. All right. While that's circulating, we're going to begin.

And, Mr. Leischow, would you raise your right hand.

Do you solemnly swear or affirm to tell the truth, the whole truth and nothing but the truth?

THE WITNESS: I do.

EXAMINATION

BY MR. STOEBCNER:

Q And would you state your full name for the record.

A Dean Leischow.

Q And your position with the debtor was what?

A President and CEO.

Q And were you the sole shareholder of this corporation?

A Yes.

Q Okay. When was this corporation formed?

A It was '95 or '6.

Q 1995 or 1996?

A Correct, yeah.

Q And it is an Illinois corporation; is that correct?

A Yes.

EXHIBIT

B

EXHIBIT C

Page 1

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re: Chapter 7
Bky Case No. 09-40665-RJK
LGI Data Solutions, Inc.,

Debtor(s).

June 1, 2009
First Meeting of Creditors

Trustee: John Stoebner, Esq.
Lapp, Libra, Thomson, Stoebner & Pusch
One Financial Plaza, Suite 2500
120 South 6th Street
Minneapolis, MN 55402
(612) 338-5815

Transcribed on August 24th, 2009 by:
Laurie Carlos
Aaron Reporting
4250 152nd Avenue NW, Andover, MN 55304
(763) 576-8832

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EXAMINATION BY:
Mr. Stoebner: Page 3
Mr. Mohrman: Page 13
Mr. Stoebenr: Page 15

OBJECTIONS BY:
None

Page 3

1 MR. STOEbNER: Now we're going to start the
2 first meeting of creditors for LGI Data Solutions,
3 LLC.
4 I guess we will have to swear you in a
5 second time, Mr. Leischow. Would you raise your
6 right hand.
7 Do you solemnly swear or affirm to tell the
8 truth, the whole truth and nothing but the truth?
9 THE WITNESS: I do.
10
11 EXAMINATION
12 BY MR. STOEbNER:
13 Q And you are appearing here today to testify on behalf
14 of LGI Data Solutions, LLC; is that correct?
15 A Yes.
16 Q And what was your title with that entity?
17 A President and CEO.
18 Q And were you the sole member of that LLC?
19 A Yes.
20 Q When was this LLC formed?
21 A Early of 2008.
22 Q And what was the nature and location of this
23 particular business?
24 A The location was joint offices with LGI Energy
25 Solutions. The nature of the business was the Data

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1 component of LGI's business, which was collecting the
2 data on the bills and processing bills.
3 Q So is it fair to say that LGI Data Solutions was
4 intended to deal strictly with the collecting moneys
5 and paying utility bills?
6 A That was one of the components. The other components
7 would be collecting the data and preparing all of the
8 reports that some of our clients were paying for.
9 Q So the reports that were derived from the EMS?
10 A EMS and the data off utility bills.
11 Q Okay. Essentially, it was designed then to provide
12 this service to customers of LGI Energy Solutions,
13 correct?
14 A Eventually, yes.
15 Q Did LGI Data Solutions, LLC enter into any direct
16 contracts with any of the other customers of LGI
17 Energy?
18 A It did not.
19 Q Were there any written contracts entered into between
20 the two debtor entities?
21 A There was not.
22 Q Okay. Where did LGI Data Solutions, LLC bank?
23 A M&I Bank.
24 Q Anywhere else?
25 A No.

- 1 Q And what was the source of funding for LGI Data
2 Solutions?
- 3 A LGI Energy Solutions.
- 4 Q So it didn't receive funds directly from the
5 customers, it would have received all of its funding
6 through LGI Energy Solutions?
- 7 A Towards the end of our business, the last -- I believe
8 it was only November and part of December, it was
9 receiving funds from the customers directly into their
10 accounts.
- 11 Q All right. Was there ever a point in time where LGI
12 Energy ceased doing that sort of business and LGI Data
13 did all of that business, or were they acting
14 coterminously?
- 15 A It was pretty much coterminously. We didn't really
16 complete the transition 100 percent because we didn't
17 really have time.
- 18 Q How did you select which customers LGI Data Solutions
19 would service?
- 20 A Well, we didn't, really. It was just, when we
21 switched the accounts over, it was all or nothing kind
22 of deal. They weren't separated in a manner that you
23 could really do that.
- 24 Q Mechanically, what did you do when you formed this
25 LLC; did you then open bank accounts at M&I?

- 1 A We did. It was formed considerably before we opened
2 the bank account, but as soon as we decided we were
3 going to make the transition over, we did open a bank
4 account at M&I to do that.
- 5 Q How many accounts were ultimately opened at M&I for
6 this entity?
- 7 A I believe only one, but as that document illustrated
8 that we had, it's several in the way they performed
9 their business, but really there was just one
10 account.
- 11 Q So, to the best of your knowledge, LGI Data Solutions
12 had only one bank account throughout its existence?
- 13 A Right.
- 14 Q And that was an account at M&I?
- 15 A Yes.
- 16 Q Okay. So it would receive moneys. Who determined
17 what moneys to transfer from LGI Energy Solutions to
18 LGI Data Solutions?
- 19 A That would be Janet Noel kept a report that would
20 indicate what funds were coming into LGI Energy
21 Solutions which were then going to be paid on checks
22 written from LGI Data Solutions, so she would send
23 that to Scott or I.
- 24 Q Did LGI Data Solutions terminate its business at the
25 same time as LGI Energy?

- 1 A Yes, it did.
- 2 Q And do you know if anyone was working on preparing a
3 2008 tax return for LGI Data Solutions?
- 4 A I don't believe anyone is.
- 5 Q Did LGI Data Solutions use any outside accountants?
- 6 A I believe Blanski was the same firm that looked at
7 some of their accounts. But, no, we didn't have
8 anyone particularly retained, we didn't really give
9 anyone a chance to.
- 10 Q Did this entity obtain a tax identification number?
- 11 A I believe it did, yes.
- 12 Q Do you know who may have done that?
- 13 A I believe Scott Bailey or our attorney at the time
14 would have done that.
- 15 Q And who was your attorney at the time?
- 16 A It would have been John Watson.
- 17 Q Okay. I guess I'm a little confused. Do you know if
18 any accounting information was ever given by this
19 entity to Blanski?
- 20 A Um, not by me, but I know they had full access to our
21 records. I believe they got all the bank statements
22 from M&I, for certain.
- 23 Q Where would the accounting books and records for this
24 entity be?
- 25 A In the records taken by M&I.

- 1 Q Do you personally have any accounting records relating
2 to LGI Data Solutions?
- 3 A I do not.
- 4 Q Did LGI Data Solutions use an accounting software?
- 5 A Yes.
- 6 Q Was it Quick Books?
- 7 A That's the only accounting we had, yeah, was Quick
8 Books.
- 9 Q Okay. And was Mr. Bailey the controller for LGI Data
10 Solutions also?
- 11 A He performed that function, yes.
- 12 Q Did LGI Data Solutions have any employees?
- 13 A No -- well, yes, that's not true, yes, it did. Right
14 at the end, very close to the time we quit doing
15 business, the employees were transferred over and
16 their payroll was done separately through ADP, and so
17 they were employees of Data solutions for the last
18 month or two.
- 19 Q Which employees, do you know?
- 20 A All of them that would have been in that utility bill
21 processing group.
- 22 Q And you believe ADP would have done their payroll
23 separate from LGI Energy's?
- 24 A Yes, towards the end, they did.
- 25 Q Do you know if W-2s were issued to those employees?

- 1 A I believe they were, yes.
- 2 Q Do you know if any of those employees worked at all
- 3 during the year 2009 for this entity?
- 4 A They did not.
- 5 Q Are you aware if any money or property that was taken
- 6 from this entity within the 90 days prior to February
- 7 6th of 2009 by any creditor?
- 8 A No -- hold on. That's not true. The bank account
- 9 that M&I swept would have been their bank account.
- 10 Q Did LGI Data Solutions have a separate loan agreement
- 11 with M&I Bank?
- 12 A No.
- 13 Q So when you say M&I would have swept their account,
- 14 would that have been to apply it to a debt of LGI
- 15 Energy?
- 16 A Yes.
- 17 Q Is that an arrangement that you had okayed?
- 18 A No.
- 19 Q Did you have any discussions with anyone at M&I Bank
- 20 concerning the sweeping of any accounts owned by LGI
- 21 Data Solutions?
- 22 A Yes.
- 23 Q And who did you talk to there?
- 24 A Todd Singer.
- 25 Q And what was the substance of those discussions?

- 1 A It was a general discussion about sweeping both the
- 2 Data Solutions account and the LGI Energy Solutions
- 3 account, they were upset with the fact that he did it
- 4 and didn't think he should.
- 5 Q And were those moneys restored?
- 6 A They were not.
- 7 Q Now, the schedules that were filed in this case which
- 8 were based on, I think, the only available information
- 9 to the petitioning creditors would indicate that there
- 10 were three M&I Bank accounts with balances of
- 11 approximately \$2.9 million as of December 31, 2008.
- 12 Do you believe that's accurate?
- 13 A It sounds about right, yeah.
- 14 Q Okay. And what would have happened with that money
- 15 since December 31 of 2008?
- 16 A Other than the moneys that M&I took, it would have
- 17 been used to pay utility bills.
- 18 Q So do you believe that, as of February 6th, 2009,
- 19 there was no longer any money in any of these bank
- 20 accounts?
- 21 A Yes, that's correct.
- 22 Q Are you aware of any other assets that this entity
- 23 owns?
- 24 A I don't believe they own any.
- 25 Q So the only thing this entity did, in a sense, was

- 1 have moneys put into accounts and then pay out those
- 2 moneys; is that fair?
- 3 A Yes.
- 4 Q And were any of these payments for any other purpose
- 5 other than paying utility bills?
- 6 A Not for Data Solutions. The payroll, utilities. I
- 7 don't believe there was anything else.
- 8 Q I believe you testified earlier today in the meeting
- 9 of creditors for LGI Energy that one of the reasons
- 10 you established this separate company was to meet some
- 11 sort of auditing standard. I guess if you could
- 12 explain that to me a little bit.
- 13 A There's some of our customers required of their
- 14 subcontractors that these subcontractors provide them
- 15 with a SAS 70 Report, and so it's some level of audit.
- 16 And we couldn't provide that. And in most cases we
- 17 would just say, no we can't provide that. A customer
- 18 such as Wendy's would demand it, and so we told them
- 19 we would find a way to get that. And one of the ways
- 20 to do it was to segment the companies, and we were
- 21 partnering with another firm, and they were going to
- 22 provide the back office processing, and then through
- 23 them partnering with us we would be able to get this
- 24 level of auditing approval and be able to provide that
- 25 to Wendy's and other customers that we were going

- 1 after that would require that.
- 2 Q And who was this other partnering company?
- 3 A It was a firm that -- used to be McGladly's
- 4 Out-Sourcing Group, it was bought by an Indian firm
- 5 called Quatro, and Quatro was the firm that approached
- 6 us and said, you know what, we can handle all this
- 7 processing for you and do it better.
- 8 Q And was LGI Data Solutions counseled by any outside
- 9 attorney through this process?
- 10 A We didn't get to the point where we were going to
- 11 enter into a contract with Quatro. Towards the end of
- 12 our relationship, they asked for a letter of intent,
- 13 we never went beyond that, so we didn't take it to our
- 14 attorneys.
- 15 Q Were you aware if LGI Data Solutions, LLC made any
- 16 payments outside the ordinary course of its business
- 17 within the 90 days prior to February 6th of 2009?
- 18 A (No audible response).
- 19 Q Did this entity transfer any moneys or other
- 20 properties to any creditor within the same 90 days?
- 21 A No.
- 22 Q Were there any transfers of any type by this entity to
- 23 you within the year prior to February 6th, 2009?
- 24 A No.
- 25 Q Did you receive any sort of salary from this entity?

- 1 A I did not.
 2 Q Did you receive payments of any bonuses?
 3 A No.
 4 Q So is it your testimony that you personally never
 5 received any funds from this entity?
 6 A That's correct.
 7 Q Are you aware of any transfers by this entity of any
 8 funds or assets to any of your immediate family
 9 members?
 10 A No.
 11 Q Are you aware of any transfers by this entity to Gaia
 12 Leasing within its existence?
 13 A No.
 14 Q What sort of financial reports if any were prepared
 15 internally with respect to this entity?
 16 A The only thing that was prepared on rather a daily
 17 basis, the inflows of funds and the outflows of funds
 18 that were maintained on spreadsheets and on our bank
 19 documents. We couldn't complete the final quarter and
 20 so it was never finished.
 21 Q And was it Mr. Bailey that prepared those?
 22 A Janet Noel and Scott Bailey.
 23 Q Okay. Did this entity loan any money to anyone that
 24 you're aware of?
 25 A No.

- 1 Q Are you aware of any claims this entity may have
 2 against anyone else?
 3 A No.
 4 Q That it's owed money by any third party?
 5 A No.
 6 MR. STOEBNER: All right. I shutter to ask,
 7 but Mr. Mohrman, do you have any questions?
 8 MR. MOHRMAN: No.
 9 MR. STOEBNER: Any other creditors present
 10 that would wish to ask questions of this debtor?
 11 MR. MOHRMAN: Actually, I do have one.
 12 MR. STOEBNER: I knew you had to.
 13 MR. MOHRMAN: And you're shuttering.
 14
 15 EXAMINATION
 16 BY MR. MOHRMAN:
 17 Q Mr. Leischow, there was indication in records from M&I
 18 Bank of check-cutting activity that was going on with
 19 LGI's account in November of 2008. Do you know what
 20 that was -- what M&I Bank was referring to?
 21 A I think they thought that was taking place because of
 22 the transfers that were going back and forth between
 23 the U.S. Bank account and ours, but they asked for
 24 documents, we provided them, it was a dead issue.
 25

- 1 EXAMINATION
 2 BY MR. STOEBNER:
 3 Q I'm trying to figure out, when did you totally end the
 4 banking relationship with U.S. Bank? And I guess by
 5 "you" I mean LGI Energy Solutions and/or LGI Data
 6 Solutions.
 7 A Data Solutions never had a banking relationship with
 8 U.S. Bank. And I believe the accounts with U.S. Bank
 9 for LGI Energy Solutions were closed first week or two
 10 in November of '08.
 11 Q So is it your testimony there was no more activity
 12 whatsoever between LGI Energy Solutions and U.S. Bank
 13 after that point in time?
 14 A Right. Well, the investment account was still there
 15 with a line of credit for the bond and that's it.
 16 Q Okay. The bond that's related to that litigation?
 17 A Yes.
 18 Q How is that structured; in other words, are there
 19 assets at U.S. Bank that are used to secure that
 20 bond?
 21 A CDs. We put cash in an account and they convert it to
 22 a CD account.
 23 Q And that's subject to the terms of that bond?
 24 A Yeah.
 25 Q Do you believe there's any excess money in that

- 1 account?
 2 A No.
 3 Q And what was the purpose for continuing a banking
 4 relationship with U.S. Bank after you had established
 5 the new relationship with M&I Bank?
 6 A Um, we really liked working with M&I Bank. We tried
 7 as long as we could not to transfer our accounts.
 8 Q You mean U.S. Bank?
 9 A That's what I meant, U.S. Bank. And had thought about
 10 not transferring all of our accounts to M&I Bank but
 11 we were really sort of forced to at the end, it was
 12 pretty much transfer them or we'll pull your line.
 13 Q Now, did U.S. Bank pull their line?
 14 A No. We had a line with U.S. Bank, but when we got the
 15 line with M&I Bank, had to be paid off and
 16 terminated.
 17 Q Here's my question: If you liked U.S. Bank, why did
 18 you move from U.S. Bank to M&I Bank?
 19 A M&I Bank at the time was willing to give us a credit
 20 line of three and a half million dollars that U.S.
 21 Bank wasn't, and we had to do what we had to do.
 22 Q So how large was the credit line at U.S. Bank?
 23 A One million.
 24 Q And did you ask, or did LGI Energy ask, to increase
 25 that line?

1 A We did.

2 Q And U.S. Bank refused?

3 A Correct.

4 Q Who was your primary bank contact at U.S. Bank?

5 A Lisa Podem (ph).

6 Q All right. And she's located locally here, I
7 presume?

8 A 800 Nicollet.

9 MR. STOEBNER: All right. I have no other
10 questions. I have a few issues I may want to address
11 with you, Mr. Skolnick, but we can do that outside of
12 this proceeding, but we do need to tie up some loose
13 ends with these vehicles.

14 MR. SKOLNICK: In addition, there's a
15 Chrysler 300 in your future.

16 MR. STOEBNER: I think, although I haven't
17 verified this because I just learned of this recently,
18 that that may be a leased vehicle.

19 MR. SKOLNICK: I think it is, actually.

20 MR. STOEBNER: And then you have the
21 Navigator which may have some equity, and perhaps the
22 other two don't, but we can address those issues.

23 MR. SKOLNICK: Thank you, Mr. Stoebner.

24 MR. STOEBNER: All right. With that, we will
25 be adjourned.

1 (Tape-recorded proceedings ended.)
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EXHIBIT D

Receipts and Disbursements By Ledger Category

Case: LGI ENERGY SOLUTIONS, INC. (09-40665)**Trustee:** John R. Stoebner (430050)**Submitted:** 01/04/11**Period:** Through 01/04/11

Receipts

1000 RECEIPTS

1121-000 Notes and Accounts Receivable (originally scheduled)

05/26/09 Deposit: 100001-1	312235893265	SUEZ ENERGY RESOURCES NA INC ACCOUNTS RECEIVABLE	55.13
08/03/09 Deposit: 100003-1	312235893265	SUEZ ENERGY RESOURCES NA INC ACCOUNTS RECEIVABLE	68.67
12/31/09 Deposit: 100009-1	312235893265	SUEZ ENERGY RESOURCES NA INC ACCOUNTS RECEIVABLE	42.21
			166.01

1129-000 Liquidation of Other Schedule B Personal Property (not listed above)

05/04/09 Dep. Memo: 1	312235893265	COMPUTERS Dep. Adj.: VIA WIRE TRANSFER PURCHASE OF ASSETS Dep. Adj. amount is 200,000.00	100,000.00
05/04/09 Dep. Memo: 1	312235893265	FURNITURE, FIXTURES, ETC. Dep. Adj.: VIA WIRE TRANSFER PURCHASE OF ASSETS Dep. Adj. amount is 200,000.00	100,000.00
05/04/09 Dep. Adj.: 2	312235893265	VIA WIRE TRANSFER PURCHASE OF ASSETS	65,000.00
06/23/09 Deposit: 100002-1	312235893265	M&I BANK CLOSE OUT ACCOUNT ENDING 3072	657.86
			265,657.86

1229-000 Liquidation of Other Personal Property

10/14/09 Deposit: 100005-1	312235893265	US BANK BANK OF MONTREAL ACCOUNT: PROCEEDS FROM LGI ENERGY BMO CCB ACCOUNT	40,369.80
10/16/09 Deposit: 100006-1	312235893265	CUSTOMER CONTACT SERVICES CREDIT BALANCE	729.03
12/04/09 Deposit: 100007-1	312235893265	AMERICAN ARBITRATION ASSOCIATION REFUND OF UNUSED DEPOSITS: RESOURCELINK CORPORATION (CLAIMANT) AND LGI ENERGY SOLUTIONS INC (RESPONDENT)	12,610.00
12/22/09 Deposit: 100008-1	312235893265	THE METROPOLITAN ST LOUIS SEWER DISTRICT REFUND RE 1282 OLD ORCHARD ACCT 447908	520.79
12/22/09 Deposit: 100008-2	312235893265	THE METROPOLITAN ST LOUIS SEWER DISTRICT REFUND RE 11208 W FLORISSANT ACCT 431042	252.98
06/22/10 Dep. Adj.: 6	92000235893265	CROCKETT TECHNOLOGY WIRE TRANSFER PURCHASE OF INVENTORY	4,000.00
06/29/10 Deposit: 100010-1	92000235893265	EDWARD T GAVIN TRUSTEE	267.85

EXHIBIT
D

Receipts and Disbursements By Ledger Category

Case: LGI ENERGY SOLUTIONS, INC. (09-40665)**Trustee:** John R. Stoebner (430050)**Submitted:** 01/04/11**Period:** Through 01/04/11

06/29/10 Deposit: 100010-2	92000235893265	"FIRST" DISTRIBUTION -- AVADO BRANDS INC EDWARD T GAVIN TRUSTEE	37.18
06/29/10 Deposit: 100010-3	92000235893265	"FIRST DISTRIBUTION" -- AVADO BRANDS INC EDWARD T GAVIN TRUSTEE	5,417.56
07/23/10 Deposit: 100011-1	92000235893265	"FIRST DISTRIBUTION" -- AVADO BRANDS INC HH LAND INVESTMENTS LLC	5,000.00
08/13/10 Deposit: 100012-1	92000235893265	PURCHASE OF INVENTORY -- GOOD FAITH DOWN PAYMENT FOR OBJECTION TO ASSET SALE FILED BY D LEISCHOW HH LAND INVESTMENTS	5,500.00
		PURCHASE OF INVENTORY -- PER ORDER DATED AUGUST 4 2010	74,705.19

1270-000 Interest Income (from estate bank accounts/investments - only)

05/29/09 Interest: 1	312235893267	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	7.65
05/29/09 Interest: 3	312235893265	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	1.71
06/30/09 Interest: 2	312235893267	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	9.80
06/30/09 Interest: 4	312235893265	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	1.73
07/31/09 Interest: 3	312235893267	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	9.49
07/31/09 Interest: 5	312235893265	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	1.68
08/31/09 Interest: 4	312235893267	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	0.92
08/31/09 Interest: 6	312235893265	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	1.69
09/30/09 Interest: 7	312235893265	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	1.75
10/30/09 Interest: 8	312235893265	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	2.72
11/30/09 Interest: 9	312235893265	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	3.68
12/31/09 Interest: 10	312235893265	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	4.10
01/29/10 Interest: 11	312235893265	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	3.97
02/26/10 Interest: 12	312235893265	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	3.82
03/16/10 Interest: 13	312235893265	JPMORGAN CHASE BANK, N.A. Current Interest Rate is 0.0500%	2.25
03/31/10 Interest: 2	92000235893265	The Bank of New York Mellon Interest posting at 0.0700%	2.98

Receipts and Disbursements By Ledger Category

Case: LGI ENERGY SOLUTIONS, INC. (09-40665)**Trustee:** John R. Stoebner (430050)**Submitted:** 01/04/11**Period:** Through 01/04/11

04/30/10 Interest: 3	92000235893265	The Bank of New York Mellon Interest posting at 0.0700%	5.60
05/28/10 Interest: 4	92000235893265	The Bank of New York Mellon Interest posting at 0.0700%	5.65
06/30/10 Interest: 5	92000235893265	The Bank of New York Mellon Interest posting at 0.0700%	5.38
07/30/10 Interest: 7	92000235893265	The Bank of New York Mellon Interest posting at 0.0700%	6.12
08/31/10 Interest: 8	92000235893265	The Bank of New York Mellon Interest posting at 0.0700%	6.51
09/30/10 Interest: 9	92000235893265	The Bank of New York Mellon Interest posting at 0.0300%	2.70
10/29/10 Interest: 10	92000235893265	The Bank of New York Mellon Interest posting at 0.0300%	2.76
11/30/10 Interest: 1	92000235893219	The Bank of New York Mellon Interest posting at 0.0300%	1.97
11/30/10 Interest: 11	92000235893265	The Bank of New York Mellon Interest posting at 0.0100%	0.29
12/31/10 Interest: 2	92000235893219	The Bank of New York Mellon Interest posting at 0.0300%	2.11
12/31/10 Interest: 12	92000235893265	The Bank of New York Mellon Interest posting at 0.0100%	0.21
			99.24

1290-000 Other Receipts

09/15/09 Deposit: 100004-1	312235893265	US BANK LINE OF CREDIT	6,850.00
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Total for 1000	347,478.30
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Total Receipts:	347,478.30
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Disbursements

4000 SECURED CLAIMS**4210-000 Pers. Prop. & Intangibles--Consensual Liens (UCC, chattel, PMSI)**

07/31/09 Check: 1001	312235893267	M&I MARSHALL & ILSLEY BANK SECURITY INTEREST IN PROCEEDS OF THE SALE OF ASSETS PER ORDER JULY 28, 2009	225,250.00
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Total for 4000	225,250.00
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Receipts and Disbursements

By Ledger Category

Case: LGI ENERGY SOLUTIONS, INC. (09-40665)

Trustee: John R. Stoebner (430050)

Submitted: 01/04/11

Period: Through 01/04/11

2000 CH. 7 ADMINISTRATIVE FEES AND EXPENSES

2300-000 Bond Payments

06/01/09 Check: 1001	312235893265	INTERNATIONAL SURETIES, LTD. BOND PREMIUM PAYMENT ON LEDGER BALANCE AS OF 06/01/2009 FOR CASE #09-40665, BOND #016018054 6/1/09 - 6/1/10	211.41
06/17/10 Check: 10102	92000235893266	INTERNATIONAL SURETIES, LTD. BOND PREMIUM PAYMENT ON LEDGER BALANCE AS OF 06/17/2010 FOR CASE #09-40665, BOND # 016018054 (6/1/10 TO 6/1/11)	95.52
			306.93

2410-000 Admin. Rent (post-petition storage fees, leases, etc.)

06/18/10 Check: 10103	92000235893266	BEHRINGER HARVARD ONE FINANCIAL STORAGE FOR NOVEMBER AND DECEMBER 2009, AND JAN, FEB, MARCH, APRIL, MAY, JUNE, JULY 2010	450.00
09/08/10 Check: 10104	92000235893266	BEHRINGER HARVARD ONE FINANCIAL STORAGE FOR AUGUST AND SEPTEMBER 2010	100.00
09/30/10 Check: 10105	92000235893266	BEHRINGER HARVARD ONE FINANCIAL STORAGE FOR OCTOBER 2010	50.00
10/27/10 Check: 10106	92000235893266	BEHRINGER HARVARD ONE FINANCIAL STORAGE FOR NOVEMBER 2010	50.00
11/24/10 Check: 10107	92000235893266	BEHRINGER HARVARD ONE FINANCIAL STORAGE FOR DECEMBER 2010	50.00
12/30/10 Check: 10108	92000235893266	WELSH COMPANIES LLC STORAGE FOR JANUARY 2011	50.00
			750.00

2990-000 Other Chapter 7 Administrative Expenses

06/30/09 Check: 1002	312235893265	KROLL ONTRACK COSTS FOR COPY OF DATA	205.00
09/04/09 Check: 1003	312235893265	AARON REPORTING 341 TRANSCRIPT (129 PAGES @ \$5.50 PER PAGE)	709.50
01/08/10 Check: 1004	312235893265	ADP W2 PREPARATION FOR YEAR 2009	487.90
02/17/10 Check: 1005	312235893265	ADP ADDITIONAL AMOUNT OWING FOR W2 PREPARATION AND PAYROLL RETURNS FOR YEAR 2009	2,461.60
03/03/10 Check: 1006	312235893265	US BANK STATEMENT COPIES AND DEPOSIT/CHECK COPIES	516.00
04/20/10 Check: 11007	92000235893265	US BANK COPIES OF DOCUMENTS	175.00
05/17/10 Check: 10101	92000235893266	US BANK COPIES OF CHECKS	1,557.00
			6,112.00

Receipts and Disbursements By Ledger Category

Case: LGI ENERGY SOLUTIONS, INC. (09-40665)**Trustee:** John R. Stoebner (430050)**Submitted:** 01/04/11**Period:** Through 01/04/11

Total for 2000 **7,168.93**

8000 FUNDS PAID TO DEBTOR/THIRD PARTIES

8500-002 Funds Paid to Third Parties [Non-Compensable]

09/01/10 Check: 11008	92000235893265	CROCKETT TECHNOLOGIES	4,000.00
		REFUND OF MONEY DEPOSITED FOR PURCHASE OF	
		ASSETS WHICH WERE EVENTUALLY SOLD TO ANOTHER	
		PARTY	

Total for 8000 **4,000.00**

Total Disbursements:	236,418.93
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EXHIBIT E

Receipts and Disbursements By Ledger Category

Case: LGI DATA SOLUTIONS, LLC (09-40666)

Trustee: John R. Stoebner (430050)

Submitted: 01/04/11

Period: Through 01/04/11

Receipts

1000 RECEIPTS

1129-000 Liquidation of Other Schedule B Personal Property (not listed above)

06/24/09 Deposit: 100001-1	312252180865	M&I BANK	39,073.60
		CLOSE OUT OF ACCOUNT ENDING 3105	

1149-000 Other Litigation/Settlements (originally scheduled)

12/31/09 Deposit: 100002-1	312252180865	OFFICE OF THE SHERIFF, HENNEPIN COUNTY, MINNESOTA SETTLEMENT OF ADV	25,000.00
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1270-000 Interest Income (from estate bank accounts/investments - only)

06/30/09 Interest: 1	312252180865	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	0.26
07/31/09 Interest: 2	312252180865	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	1.64
08/31/09 Interest: 3	312252180865	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	1.64
09/30/09 Interest: 4	312252180865	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	1.58
10/30/09 Interest: 5	312252180865	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	1.58
11/30/09 Interest: 6	312252180865	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	1.63
12/31/09 Interest: 7	312252180865	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	1.63
01/29/10 Interest: 8	312252180865	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	2.37
02/26/10 Interest: 9	312252180865	JPMORGAN CHASE BANK, N.A. Interest posting at 0.0500%	2.42
03/16/10 Interest: 10	312252180865	JPMORGAN CHASE BANK, N.A. Current Interest Rate is 0.0500%	1.47
03/31/10 Interest: 2	92000252180865	The Bank of New York Mellon Interest posting at 0.0700%	1.95
04/30/10 Interest: 3	92000252180865	The Bank of New York Mellon Interest posting at 0.0700%	3.67
05/28/10 Interest: 4	92000252180865	The Bank of New York Mellon Interest posting at 0.0700%	3.65
06/30/10 Interest: 5	92000252180865	The Bank of New York Mellon Interest posting at 0.0700%	3.37
07/30/10 Interest: 6	92000252180865	The Bank of New York Mellon Interest posting at 0.0700%	3.48
08/31/10 Interest: 7	92000252180865	The Bank of New York Mellon Interest posting at 0.0700%	3.48

EXHIBIT

E

Receipts and Disbursements By Ledger Category

Case: LGI DATA SOLUTIONS, LLC (09-40666)**Trustee:** John R. Stoebner (430050)**Submitted:** 01/04/11**Period:** Through 01/04/11

09/30/10 Interest: 8	92000252180865	The Bank of New York Mellon Interest posting at 0.0300%	1.44
10/29/10 Interest: 9	92000252180865	The Bank of New York Mellon Interest posting at 0.0300%	1.49
11/30/10 Interest: 1	92000252180819	The Bank of New York Mellon Interest posting at 0.0300%	1.19
11/30/10 Interest: 10	92000252180865	The Bank of New York Mellon Interest posting at 0.0100%	0.11
12/31/10 Interest: 2	92000252180819	The Bank of New York Mellon Interest posting at 0.0300%	1.27
12/31/10 Interest: 11	92000252180865	The Bank of New York Mellon Interest posting at 0.0100%	0.07
			41.39

Total for 1000 64,114.99

Total Receipts:	64,114.99
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Disbursements

2000 CH. 7 ADMINISTRATIVE FEES AND EXPENSES

2300-000 Bond Payments

06/17/10 Check: 102	92000252180866	INTERNATIONAL SURETIES, LTD. BOND PREMIUM PAYMENT ON LEDGER BALANCE AS OF 06/17/2010 FOR CASE #09-40666, BOND # 016018054 (6/1/10 TO 6/1/11)	61.94
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2410-000 Admin. Rent (post-petition storage fees, leases, etc.)

06/18/10 Check: 103	92000252180866	BEHRINGER HARVARD ONE FINANCIAL STORAGE FOR NOVEMBER AND DECEMBER 2009, AND JAN, FEB, MARCH, APRIL, MAY, JUNE, JULY 2010	450.00
09/08/10 Check: 104	92000252180866	BEHRINGER HARVARD ONE FINANCIAL STORAGE FOR AUGUST AND SEPTEMBER 2010	100.00
09/30/10 Check: 105	92000252180866	BEHRINGER HARVARD ONE FINANCIAL STORAGE FOR OCTOBER 2010	50.00
10/27/10 Check: 106	92000252180866	BEHRINGER HARVARD ONE FINANCIAL STORAGE FOR NOVEMBER 2010	50.00
11/24/10 Check: 107	92000252180866	BEHRINGER HARVARD ONE FINANCIAL STORAGE FOR DECEMBER 2010	50.00
12/30/10 Check: 108	92000252180866	WELSH COMPANIES LLC STORAGE FOR JANUARY 2011	50.00
			750.00

Receipts and Disbursements By Ledger Category

Case: LGI DATA SOLUTIONS, LLC (09-40666)**Trustee:** John R. Stoebner (430050)**Submitted:** 01/04/11**Period:** Through 01/04/11**2700-000 Clerk of the Court Costs (includes adversary and other filing fees)**

08/20/09 Check: 1001	312252180865	U.S. BANKRUPTCY COURT	250.00
		FILING FEE FOR ADVERSARY PROCEEDING V. BUFFETS INC	
		ET AL ADV 09-04196	

2990-000 Other Chapter 7 Administrative Expenses

09/04/09 Check: 1002	312252180865	AARON REPORTING	99.00
		341 TRANSCRIPT (18 PAGES AT \$5.50 PER PAGE)	
04/20/10 Check: 11003	92000252180865	US BANK	175.00
		COPIES OF DOCUMENTS	
05/17/10 Check: 101	92000252180866	US BANK	1,557.00
		COPIES OF CHECKS	
			1,831.00

Total for 2000	2,892.94
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Total Disbursements:	2,892.94
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EXHIBIT F-1

M&I MARSHALL & ILSLEY BANK
P O BOX 2045
MILWAUKEE WI 53201-2045
www.mibank.com

3105
3105

Page 1 of 1
PAGE

Call 414-259-9929
or 1-888-464-5463
For 24-Hour Account
Information or
Current Rates

LGI ENERGY SOLUTIONS INC
CUSTOMER PAYABLE FUNDING ACCOUNT
111 CHESHIRE LN # 400
MINNETONKA MN 55305-2337

Statement Closing Date
August 31, 2008

COMMERCIAL Account no. 3105
CHECKING

Analysis Type: 51480

Activity on your account

Date	Deposits	Checks/Charges	Description
Aug 29	6,304.63		'AUTOMATIC TRANSFER , 00000000000000 TRANSFER FROM DEPOSIT SYSTEM ACCOUNT 0045843127
	6,304.63	0.00	Totals
Average Ledger Balance		610.13	
Beginning Balance		0.00	Ending Balance 6,304.63
Daily Balances			
Jul 31	0.00	Aug 29	6,304.63

M&I 00006
ref: 14198.726

EXHIBIT F-2

M&I MARSHALL & ILSLEY BANK
P O BOX 2045
MILWAUKEE WI 53201-2045
www.mibank.com

3105
3105

Page 1 of 2
PAGE

Call 414-259-9929
or 1-888-464-5463
For 24-Hour Account
Information or
Current Rates

DATA SOLUTIONS
CUSTOMER PAYABLE FUNDING ACCOUNT
111 CHESHIRE LN # 400
MINNETONKA MN 55305-2337

Statement Closing Date
September 30, 2008

EFFECTIVE NOVEMBER 1, 2008, IF YOU MAKE AN INTERNATIONAL TRANSACTION USING
YOUR ATM OR CHECK CARD YOU WILL BE ASSESSED A 1% INTERNATIONAL SERVICE
ASSESSMENT FEE.

COMMERCIAL Account no. 3105
CHECKING

Analysis Type: 51480

Activity on your account

Date	Deposits	Checks/Charges	Description
Sep 2	3,333.04		'AUTOMATIC TRANSFER 00000000000000 TRANSFER FROM DEPOSIT SYSTEM ACCOUNT 0045843127
Sep 4	2,518.46		'AUTOMATIC TRANSFER 00000000000000 TRANSFER FROM DEPOSIT SYSTEM ACCOUNT 0045843127
Sep 9	9,705.42		'AUTOMATIC TRANSFER 00000000000000 TRANSFER FROM DEPOSIT SYSTEM ACCOUNT 0045843127
Sep 11	1,478.75		'AUTOMATIC TRANSFER 00000000000000 TRANSFER FROM DEPOSIT SYSTEM ACCOUNT 0045843127
Sep 15	971.32		'AUTOMATIC TRANSFER 00000000000000 TRANSFER FROM DEPOSIT SYSTEM ACCOUNT 0045843127
Sep 17		725.69	'AUTOMATIC TRANSFER 00000000000000 TRANSFER TO DEPOSIT SYSTEM ACCOUNT 0045843116
Sep 18	1,723.81		'AUTOMATIC TRANSFER 00000000000000 TRANSFER FROM DEPOSIT SYSTEM ACCOUNT 0045843127
		320.72	'AUTOMATIC TRANSFER 00000000000000 TRANSFER TO DEPOSIT SYSTEM ACCOUNT 0045843116
Sep 19	20,927.52		'DIRECT DEPOSIT 91000014517842 MV Holding-compa LGI ENERGY SOLUTIO NS I AP PAYMENT 080919

M&I 00007
ref: 14198.726

3105

3105

Activity on your account

Date	Deposits	Checks/Charges	Description
		7,798.50	'AUTOMATIC TRANSFER 00000000000000 TRANSFER TO DEPOSIT SYSTEM ACCOUNT 0045843116
Sep 22	18,480.60		'AUTOMATIC TRANSFER 00000000000000 TRANSFER FROM DEPOSIT SYSTEM ACCOUNT 0045843127
		416.66	'AUTOMATIC TRANSFER 00000000000000 TRANSFER TO DEPOSIT SYSTEM ACCOUNT 0045843116
Sep 23		4,015.76	'AUTOMATIC TRANSFER 00000000000000 TRANSFER TO DEPOSIT SYSTEM ACCOUNT 0045843116
Sep 24		7,602.46	'AUTOMATIC TRANSFER 00000000000000 TRANSFER TO DEPOSIT SYSTEM ACCOUNT 0045843116
Sep 25	2,565.29		'AUTOMATIC TRANSFER 00000000000000 TRANSFER FROM DEPOSIT SYSTEM ACCOUNT 0045843127
		499.92	'AUTOMATIC TRANSFER 00000000000000 TRANSFER TO DEPOSIT SYSTEM ACCOUNT 0045843116
Sep 26		11,472.90	'AUTOMATIC TRANSFER 00000000000000 TRANSFER TO DEPOSIT SYSTEM ACCOUNT 0045843116
Sep 29	6,116.50		'AUTOMATIC TRANSFER 00000000000000 TRANSFER FROM DEPOSIT SYSTEM ACCOUNT 0045843127
	69,752.06		'DIRECT DEPOSIT 91000011360045 MV Holding-compa LGI ENERGY SOLUTIO NS I AP PAYMENT 080929
		8,718.38	'AUTOMATIC TRANSFER 00000000000000 TRANSFER TO DEPOSIT SYSTEM ACCOUNT 0045843116
Sep 30	13,522.02		'DIRECT DEPOSIT 91000013346193 MV Holding-compa LGI ENERGY SOLUTIO NS I AP PAYMENT 080930
		1,144.16	'AUTOMATIC TRANSFER 00000000000000 TRANSFER TO DEPOSIT SYSTEM ACCOUNT 0045843116
	151,094.79	42,715.15	Totals
Average Ledger Balance		31,899.92	
Beginning Balance		6,304.63	Ending Balance 114,684.27

Daily Balances

Aug 31	6,304.63	Sep 17	23,585.93	Sep 25	46,629.13
Sep 2	9,637.67	Sep 18	24,989.02	Sep 26	35,156.23
Sep 4	12,156.13	Sep 19	38,118.04	Sep 29	102,306.41
Sep 9	21,861.55	Sep 22	56,181.98	Sep 30	114,684.27
Sep 11	23,340.30	Sep 23	52,166.22		
Sep 15	24,311.62	Sep 24	44,563.76		

EXHIBIT G-1

M&I MARSHALL & ILSLEY BANK
P O BOX 2045
MILWAUKEE WI 53201-2045
www.mibank.com

██████████ 3116
██████████ 3116

Page 1 of 1
PAGE

Call 414-259-9929
or 1-888-464-5463
For 24-Hour Account
Information or
Current Rates

LGI ENERGY SOLUTIONS INC
CUSTOMER CHECK ACCOUNT
111 CHESHIRE LN # 400
MINNETONKA MN 55305-2337

Statement Closing Date
August 31, 2008

COMMERCIAL Account no. ██████████ 3116
CHECKING

Analysis Type: 51480

Activity on your account

Date	Deposits	Checks/Charges	Description
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No Activity This Statement Period

Average Ledger Balance	0.00
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Beginning Balance	0.00	Ending Balance	0.00
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M&I 00037
ref: 14198.726

EXHIBIT G-2

M&I MARSHALL & ILSLEY BANK
P O BOX 2045
MILWAUKEE WI 53201-2045
www.mibank.com

3116
3116

Page 1 of 3
PAGE

Call 414-259-9929
or 1-888-464-5463
For 24-Hour Account
Information or
Current Rates

DATA SOLUTIONS
CUSTOMER CHECK ACCOUNT
111 CHESHIRE LN # 400
MINNETONKA MN 55305-2337

Statement Closing Date
September 30, 2008

EFFECTIVE NOVEMBER 1, 2008, IF YOU MAKE AN INTERNATIONAL TRANSACTION USING
YOUR ATM OR CHECK CARD YOU WILL BE ASSESSED A 1% INTERNATIONAL SERVICE
ASSESSMENT FEE.

COMMERCIAL Account no. 3116
CHECKING

Analysis Type: 51480

Activity on your account

Date	Deposits	Checks/Charges	Description
Sep 29		122.89	CHECK 3 00006267576423
Sep 17		693.63	CHECK 4 00006266935553
Sep 18		192.13	CHECK 5 00006267011063
Sep 17		32.06	CHECK 6 00006266940231
Sep 22		3.60	CHECK 6* 00006267129466
Sep 18		128.59	CHECK 7 00006267004327
Sep 25		309.48	CHECK 7* 00006267419549
		157.02	CHECK 8 00006267419550
Sep 22		270.66	CHECK 9 00006267129427
Sep 19		598.00	CHECK 10 00006267068136
Sep 23		102.66	CHECK 11 00006267275608
		526.41	CHECK 12 00006267280819
		850.56	CHECK 13 00006267280818
Sep 26		346.84	CHECK 14 00006267485057
Sep 29		99.38	CHECK 15 00006267545400
Sep 26		203.74	CHECK 16 00006267478918
Sep 19		7.77	CHECK 17 00006267071436
Sep 24		37.98	CHECK 18 00006267353162
Sep 19		2,906.86	CHECK 19 00006267071775
Sep 24		25.36	CHECK 20 00006267351227
		33.31	CHECK 21 00006267351226
Sep 23		665.28	CHECK 22 00006267274281
Sep 26		122.83	CHECK 23 00006267478916
Sep 19		41.21	CHECK 24 00006267072592
		27.79	CHECK 25 00006267072591
Sep 22		57.78	CHECK 26 00006267135850
		42.63	CHECK 27 00006267168330
Sep 26		202.31	CHECK 29* 00006267478917
Sep 25		9.40	CHECK 30 00006267415097

M&I 00038
ref: 14198.726

3116

3116

Activity on your account

Date	Deposits	Checks/Charges	Description	
Sep 24		777.80	CHECK 31	00006267356525
Sep 19		1,021.35	CHECK 32	00006267071773
Sep 24		163.33	CHECK 33	00006267349699
Sep 19		3,195.52	CHECK 34	00006267071774
Sep 25		24.02	CHECK 35	00006267417154
Sep 24		4,262.97	CHECK 36	00006267356718
Sep 26		852.69	CHECK 37	00006267479731
Sep 22		41.99	CHECK 38	00006267139767
Sep 24		1,566.05	CHECK 39	00006267354817
		55.04	CHECK 40	00006267349573
Sep 23		1,720.94	CHECK 41	00006267276375
Sep 24		680.62	CHECK 42	00006267356524
Sep 30		1,133.08	CHECK 43	00006267688376
Sep 23		78.82	CHECK 45*	00006267274019
		71.09	CHECK 46	00006267279795
Sep 30		11.08	CHECK 47	00006267686378
Sep 29		3,081.90	CHECK 52*	00006267568892
Sep 26		3,169.78	CHECK 53	00006267481477
		3,385.08	CHECK 54	00006267481476
Sep 29		2,579.99	CHECK 55	00006267568891
		2,834.22	CHECK 56	00006267568890
Sep 26		3,189.63	CHECK 57	00006267481475
Sep 17	725.69		AUTOMATIC TRANSFER	0000000000000000
			TRANSFER FROM DEPOSIT SYSTEM	
			ACCOUNT 0045843105	
Sep 18	320.72		AUTOMATIC TRANSFER	0000000000000000
			TRANSFER FROM DEPOSIT SYSTEM	
			ACCOUNT 0045843105	
Sep 19	7,798.50		AUTOMATIC TRANSFER	0000000000000000
			TRANSFER FROM DEPOSIT SYSTEM	
			ACCOUNT 0045843105	
Sep 22	416.66		AUTOMATIC TRANSFER	0000000000000000
			TRANSFER FROM DEPOSIT SYSTEM	
			ACCOUNT 0045843105	
Sep 23	4,015.76		AUTOMATIC TRANSFER	0000000000000000
			TRANSFER FROM DEPOSIT SYSTEM	
			ACCOUNT 0045843105	
Sep 24	7,602.46		AUTOMATIC TRANSFER	0000000000000000
			TRANSFER FROM DEPOSIT SYSTEM	
			ACCOUNT 0045843105	
Sep 25	499.92		AUTOMATIC TRANSFER	0000000000000000
			TRANSFER FROM DEPOSIT SYSTEM	
			ACCOUNT 0045843105	
Sep 26	11,472.90		AUTOMATIC TRANSFER	0000000000000000
			TRANSFER FROM DEPOSIT SYSTEM	
			ACCOUNT 0045843105	
Sep 29	8,718.38		AUTOMATIC TRANSFER	0000000000000000
			TRANSFER FROM DEPOSIT SYSTEM	
			ACCOUNT 0045843105	
Sep 30	1,144.16		AUTOMATIC TRANSFER	0000000000000000
			TRANSFER FROM DEPOSIT SYSTEM	
			ACCOUNT 0045843105	

3116

3116

Activity on your account

Date	Deposits	Checks/Charges	Description
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	42,715.15	42,715.15	Totals
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Average Ledger Balance	0.00
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Beginning Balance	0.00	Ending Balance	0.00
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Daily Balances

Aug 31	0.00	Sep 22	0.00	Sep 26	0.00
Sep 17	0.00	Sep 23	0.00	Sep 29	0.00
Sep 18	0.00	Sep 24	0.00	Sep 30	0.00
Sep 19	0.00	Sep 25	0.00		

EXHIBIT H

**DUPLICATE PROOF OF CLAIMS FILED IN
LGI ENERGY SOLUTIONS, INC. (BKY NO. 09-40665)
AND
LGI DATA SOLUTIONS, INC. (BKY NO. 09-40666)**

A review of the claims filed in the two cases show a number of duplicate claims in each of the cases. The following is a summary of the claims filed in Data and the corresponding claim filed in the Energy case. As of January 5, 2011, a total of 10 claims were filed in Data, with total claims in the amount of \$9,794,201.84, and a total of 85 claims were filed in Energy, with total claims in the amount of \$17,959,569.59.

The following is a summary of the claims in Data and the corresponding claim in the Energy case:

Name	Data	Energy	Comments
Edward Carney	POC #1 in the amount of \$585,564.00	POC #6 in the amount of \$585,564.00	These claims are duplicate claims; both of them show the name of the debtor as LGI Energy Solutions. The attachments to the POCs show that the Ed Carney contract was with LGI Energy Solutions.
M&I Marshall & Ilsley Bank	POC #2 in the amount of \$54,348.75	POC #61 in the amount of \$3,418,461.19	The claim filed in Data is simply for attorney's fees billed to M&I Bank by the Leonard Street law firm relating to the Buffets and Buffalo Wild Wings, Inc. litigation. The claim filed in the Energy case relates to the balance due and owing under the Loan Agreement with Energy.
Dean Leischow	POC #3 in the amount of \$0 Withdrawn 11/23/10	POC #65 in the amount of \$0 Withdrawn 11/23/10	These claims are duplicate claims. The two claims are identical except for the name of the debtor; they request indemnification for costs/attorney's fees, liability with respect to various litigation listed on the Exhibit A.
Buffalo Wild Wings, Inc.	POC #4 in the amount of \$590,000.00	POC #69 in the amount of \$590,000.00	These are duplicate claims.
Boddie Noell Enterprises	POC #5 in the amount of \$25,276.62	POC #70 in the amount of \$25,276.62	These are duplicate claims and are for the attorney's fees incurred with respect to preparing the involuntary petition and the schedules for both cases.
Boddie Noelle Enterprises	POC #6 in the amount of \$947,999.61	POC #62 in the amount of \$947,999.61	These are duplicate claims. On page 2 of each claim in paragraph 2, it states that the claimant contracted with LGI Energy Solutions, Inc.

Wendy's International	POC #7 in the amount of \$3,030,266.00	POC #78 in the amount of \$3,030,266.00	These are duplicate claims. The POCs look virtually identical except the names of the debtors are different. On Page 2 of the Data POC is the following language: “LGI may have transferred some or all of the above described funds to the debtor. As such Wendy’s filed these claims against the debtor as a protective matter.”
Buffets, Inc.	POC #8 in the amount of \$4,232,391.66	POC #82 in the amount of \$4,232,391.66	These are duplicate claims. They both attach a copy of the Buffets Complaint that was originally filed in Hennepin County District Court, and names both Energy and Data as defendants.
Ulta Salon, Cosmetics & Fragrance, Inc.	POC #9 in the amount of \$307,731.88	POC #83 in the amount of \$307,731.88	These are duplicate claims. Page 2 of each POC references the contract between the claimant and LGI Energy which is attached.
BHI Advanced Internet Inc.	POC #10 in the amount of \$20,633.32	POC #84 in the amount of \$20,633.32	These are duplicate claims. The attachments to the POC show an invoice to LGI Energy Solutions.

EXHIBIT I



WELCOME TO THE OFFICE OF THE

Minnesota**Secretary of State**

Online Access

[DA Home](#) [UCC](#) [Business Services](#) [Account](#) [Session Briefcase](#) [Help/FAQs](#) [About](#) [Login](#)**BUSINESS ORGANIZATIONS INQUIRY - VIEW ENTITY**

Filing Number: 2757855-2 **Entity Type:** Limited Liability Company

Original Date of Filing: 3/11/2008 **Entity Status:** Active

Entity Date to Expire: **Chapter:** 322B

Good Standing:
(date of last annual filing)

Name: LGI Data Solutions Company, LLC

Registered Office 111 Cheshire Ln #400

Address: Mtka, MN, 55305

Home State: MN

Agent Name: No Agent Filed

[Additional Entity Detail](#)[Return to Search List](#)[New Search](#)

[DA Home](#) | [OSS Home](#) | [Contacts](#) | [Privacy Policy](#) | [Terms & Conditions](#)

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UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:	Chapter 7
LGI Energy Solutions, Inc.,	Bky. Case No. 09-40665-RJK
and	
LGI Data Solutions Company, LLC,	Bky. Case No. 09-40666-RJK
Debtors.	

**MEMORANDUM IN SUPPORT OF MOTION FOR
SUBSTANTIVE CONSOLIDATION OF CASES**

John R. Stoebner (the “Trustee), the Trustee of the above Chapter 7 bankruptcy estates, submits this Memorandum in support of his Motion for Substantive Consolidation of the above two cases.

FACTUAL BACKGROUND

The factual support for the Motion is set forth in the verified Motion.

LEGAL ANALYSIS

The Trustee requests that the Court enter an Order substantively consolidating the bankruptcy estates of the above two Debtors. Substantive consolidation is mentioned in Bankruptcy Rule 1015 and is an equitable remedy under 11 U.S.C. §105(a). Substantive consolidation results in a single estate from which all claims are paid according to the priorities set forth in the Bankruptcy Code. The Eighth Circuit found substantive consolidation appropriate in *In re Giller*, 962 F.2d.796 (8th Cir. 1992). In the *Giller* case, the Court consolidated the cases of the six corporate debtors which shared common shareholders. The Eighth Circuit also addressed substantive consolidation in *In re Midwest Agri Development*

Corp. 369 B.R. 408, 411 (8th Cir. 2007), where the Court stated:

“In cases involving significant amounts of debt between related companies, and difficult accounting questions resulting from such transfers, courts are often asked to substantively consolidate the related companies, so that creditors of all of them can make claims against the combined assets. Substantive consolidation is appropriate where the intercompany claims are impossible to determine, or where the accounting expense in doing so would be prohibitive. Alternatively, piercing the corporate veil is sometimes an appropriate mechanism for reaching a subsidiary's funds in the hands of a parent when the entities' assets and liabilities are commingled”. (Footnotes omitted).

In addressing the issue of substantive consolidation, many Courts have identified and considered seven factors. See **Holywell Corp. v. Bank of New York**, 59 B.R. 340, 347 (S.D. Fla. 1986); **In Re Murray Industries, Inc.**, 119 B.R. 820, 830 (Bankr.M.D.Fla. 1990); **In re Gainesville P-H Properties, Inc.**, 106 B.R. 304, 305-06 (Bankr.M.D.Fla. 1989); **In re Affiliated Foods, Inc.** 249 B.R. 770, 776 (Bank.W.D. Mo. 2000). These seven factors (not all of which must be found to support consolidation) are:

- (1) The presence or absence of consolidated financial statements;
- (2) The unity of interests and ownership between various corporate entities;
- (3) The existence of parent and intercorporate guarantees on loans;
- (4) The degree of difficulty in segregating and ascertaining individual assets and liabilities;
- (5) The existence of transfers of assets without formal observance of corporate formalities;
- (6) The commingling of assets and business functions; and
- (7) The profitability of consolidation at a single physical location.

See also **In Re Augie/Restivo Baking Company, Ltd.** 860 F.2d 515, 518 (2nd Cir. 1988), where the Court discussed what it determined to be the two critical factors to review: (1) whether creditors dealt with the entities as a single economic unit and “did not rely on their separate

identity in extending credit” or (2) whether the affairs of the debtors are still entangled that consolidation will benefit all creditors.

As demonstrated by the facts outlined in the verified motion, Data has never filed a tax return (other than the return filed by the Trustee for 2009) and had no business or operations independent of Energy. Data is in essence the alter ego of Energy, with no separate accounting records. Other factors that weigh in favor consolidation include: 1) the two entities were treated as one, 2) both entities are 100% owned by the same individual, Dean L. Leischow, 3) all of the claims filed in Data are also filed in Energy and are duplicate claims (with the exception with the claim filed by the secured creditor, M&I Bank), and 4) all of the assets in the Data case are properly assets in the Energy case where the source of the Data assets, are funds from Energy bank accounts, which accounts were transferred from Energy to Data within the year prior to the filing of the Petition.

CONCLUSION

Based on the Trustee’s review and analysis of the situation with respect to these two cases, and a review of the caselaw, the Trustee respectfully requests that the Court issue an Order substantively consolidating the Chapter 7 proceedings of LGI Energy Solutions, Inc. and LGI Data Solutions Company, LLC.

Dated: January 7, 2011

LAPP, LIBRA, THOMSON,
STOEBNER & PUSCH, CHARTERED

/e/ Rosanne H. Wirth
Rosanne H. Wirth (#0137479)
One Financial Plaza, Suite 2500
120 South Sixth Street
Minneapolis, MN 55402
(612) 338-5815

ATTORNEYS FOR TRUSTEE

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:	Chapter 7
LGI Energy Solutions, Inc.,	Bky. Case No. 09-40665-RJK
and	
LGI Data Solutions Company, LLC,	Bky. Case No. 09-40666-RJK
Debtors.	

UNSWORN CERTIFICATE OF SERVICE

I, Danielle E. Bolf, declare under penalty of perjury that on January 7, 2011, I served copies of the following documents: **NOTICE OF HEARING AND MOTION FOR SUBSTANTIVE CONSOLIDATION OF CASES, MEMORANDUM IN SUPPORT OF MOTION FOR SUBSTANTIVE CONSOLIDATION OF CASES, AND PROPOSED ORDER**

electronically by Notice of Electronic Filing upon all parties who have requested service in these cases by filing the same via ECF with the Bankruptcy Court in the District of Minnesota.

Executed on: January 7, 2011

/e/ Danielle E. Bolf
Danielle E. Bolf, Legal Assistant
Lapp, Libra, Thomson, Stoeber
& Pusch, Chartered
120 South Sixth Street, Suite 2500
Minneapolis, MN 55402
612/338-5815

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:	Chapter 7
LGI Energy Solutions, Inc.,	Bky. Case No. 09-40665-RJK
and	
LGI Data Solutions Company, LLC,	Bky. Case No. 09-40666-RJK
Debtors.	

ORDER

This case is before the court on the motion of the trustee for substantive consolidation of the above cases.

Based on the motion and the file,

IT IS ORDERED:

1. The above cases of LGI Energy Solutions, Inc. and LGI Data Solutions Company, LLC are substantively consolidated.
2. The court finds that notice given by the trustee is sufficient.

Dated:

Robert J. Kressel
United States Bankruptcy Judge